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SERIES I No. 11

# OFFICIAL GAZETTE

## GOVERNMENT OF GOA

### EXTRAORDINARY

### No. 2

#### GOVERNMENT OF GOA

Department of Industries

#### Notification

3/40/2003-IND-Part-II

#### Goa Sick Industrial Units Revival And Rehabilitation Schemes, 2008

Goa Industrial Policy, 2003 was announced by Government of Goa. Now, in pursuance of clause 5.8 of the said Policy, the Government of Goa is pleased to frame the Scheme namely the "Goa Sick Industrial Units Revival and Rehabilitation Scheme, 2008".

"Goa Sick Industrial Units Revival and Rehabilitation Scheme, 2008" shall come into force from the date of its adoption by the Government and shall remain in force for five years.

1. *Introduction.*— I. The Industrial Sector is well recognized for its contribution to the socio-economic objectives, of employment generation, increase in industrial output and exports. However, there are several internal and external factors, which have put considerable pressure on the performance of the industries, resulting in a number of them becoming sick units. This has become a major area of concern for the State Government, which has called for framing of new guidelines on sick industrial units.

II. There are various factors, which have contributed to sickness in the Industrial Sector. The

most important among the internal factors are limited financial resources; lack of organizational, financial and managerial skills and expertise; diversion of funds to unrelated business area, diversification/expansion before stabilization of existing activity, etc. The external factors are non-availability of power supply, market forces, shortage of raw materials, marketing difficulties, delayed and inadequate credit, labour problems, globalization and liberalization of the economy, obsolete technology, inadequate infrastructure, etc. In most of the cases, sickness of the unit is attributable to a combination of the above mentioned factors. The following is an illustrative list of warning signals regarding sickness of an industrial unit—

(i) Steep decline in production figures.

(ii) Downward trends in sales.

(iii) Failure to make timely payment of installments of principal and interest on term loans.

(iv) Complaints from suppliers of raw materials, water, power, etc., about non-payment of bills.

(v) Consecutive cash losses.

(vi) Retrenchment of staff.

III. Most of such sick units can be revived, if they are provided proper support in time. In many cases, the supporting incentives would not put any additional financial burden on the State and the same can be accomplished through the revenues generated by the unit itself, such as sales tax, VAT, etc. This has been substantially ensured in the said policy.

2. *Definition of Sick Industrial Unit.*— A unit is considered sick when any of its borrowed accounts remains substandard for more than six months i.e. principal or interest, in respect of any of its borrowed accounts has remained overdue for a period exceeding one year. The requirement of overdue period exceeding one year will remain unchanged even if the present period for classification of an account as sub-standard, is reduced in due course; or there is erosion in the net worth due to accumulated cash losses to the extent of 50 per cent. of its net worth during the previous accounting year; and the unit has been in commercial production for at least two years.

3. *Objectives of the Scheme.*— (I) The objectives of the Scheme are as under:

(i) To support a sick unit to come out of the State of sickness.

(ii) To facilitate timely rehabilitation of sick units before it is too late for any revival.

(iii) To protect the employment that has already been generated by the unit.

4. *Eligibility.*— I. Only those small scale units which are permanently registered with the Directorate of Industries, Trade and Commerce, which are in operation for at least 5 years and whose total investment in plant and machinery (excluding Land and Building) exceeds Rs. 5.00 lakhs and less than Rs. 5.00 crores which satisfy the other conditions listed below shall be eligible to be covered under this Scheme. Industrial units in medium and large sectors which were approved earlier by HPCC are not eligible for any benefit in the Scheme.

(i) The Scheme shall be applicable to manufacturing activity only and it shall not cover Service/Business enterprises.

(ii) The closed and sick industrial units which have already availed various facilities offering help/ incentives due to sickness from the State or any other Agency would not be entitled to the facilities under this Scheme.

(iii) The Scheme shall not be applicable to the industrial units, which are sick due to wilful mismanagement, wilful default, unauthorized diversion of funds, dispute among partners/ promoters, etc.

(iv) The Scheme will be applicable to sick industrial units that are employment oriented and which are employing on an average, 5 to 50 persons on the roll on regular basis during the last 3 years proceeding the date of application.

(v) The Scheme shall be applicable to all the eligible existing SSI units/industries. However, for units registered after the commencement of this Scheme, only those units which are classified under green or specified orange category shall be entitled to receive the revival package under this Scheme.

(vi) The Scheme shall be applicable to the industrial units which are employing local persons (from within the State who is having 15 years residence in Goa) to the extent of 80% of all employees, or

(vii) The Scheme will be applicable to industrial units, which would undertake employing local persons to the extent of 80% including contract workers on revival.

II. The Sick Unit Revival Plan Committee (SURPC) may not take into consideration such applications, which it feels, has been manipulated to get the benefit of the Scheme.

#### 5. *Revival package to sick units:*—

I. *Fiscal Concession.*— The following relief and concessions from various departments/agencies of the Government of Goa will be provided if the sick unit is found eligible.

*Financial Institutions.*— The Bank/Financial Institution of the industrial unit has to prepare a feasibility report to rehabilitate the unit in a phased manner integrating therein the relief and concessions available from their offices and in consultation with other agencies including Government. The rehabilitation package initially provided by the Bank and financial Institution should enable the sick unit to carryout production operating successfully for 3 months thereby the unit become eligible to avail the waiver of interest and penal interest of loans from Banks, as per RBI guidelines if any, and other concessions from Government Department. If the production is not done the waiver are disallowed. No subsidy of any kind would be proposed for rehabilitation. Surplus land if any can be mortgaged to raise additional working capital and modernize existing machinery.

6. *Relief and concessions from Electricity Department.*— (1) No fixed charges/deemed charges on electricity supply during the closure period of the Sick Industrial Unit to be charged.

(2) No interest on arrears during closure period. All penalties to be waived.

(3) Arrears of electricity bills to be repaid in 6 half yearly installments streamlining after/normalizing production by the revival package.

(4) Reconnection of electricity after a gap of disconnection the industrial unit has to pay as to the charges of new connection.

5. In case of failure to repay the dues as per stipulations in revival package all relief and concessions stand withdrawn and the dues will be recovered as per permissible procedures.

7. *Relief and concessions from Commercial Taxes Department.*— (1) Deferment of commercial taxes arrears for 2 years from the date of starting production after rehabilitation package to be recovered in 12 quarterly installments. No interest and penal interest to be charged.

2. Any appeal, revision and review pending for disposal with the Government relating to the period prior to the date of revival package shall be treated as withdrawn after the grant of the revival package.

3. Future taxes assessed as payable by the Industries to be deferred without interest for a period of one year which will be paid in 4 installments after completion of payment of pre revival package arrears.

8. *Relief from Public Works Department.*— (1) Water supply charges arrears payable by the sick industrial unit will be deferred for a period of 2 years and will be paid in 12 quarterly installments after revival package.

(2) All penalties and interest, if any, imposed shall be waived.

(3) The benefits in the revival package shall stand withdrawn if the sick unit does not comply with the provisions of the revival package.

9. *Economic Development Corporation.*— The Economic Development Corporation would make

its own rehabilitation scheme for the industrial units financed by the Corporation and revise the same as and when required to satisfy the eligibility criteria's stipulated under the Sick Industrial Units Revival and Rehabilitations Scheme, 2008 and to enable the unit to avail additional finance for the revival and rehabilitation of the Sick unit as and when required. Ascertaining the financial viability of the Industrial unit which is taken up for rehabilitation is the responsibility of the financial institution or Bank from where the unit had availed the financial assistance.

10. *Appraisal Committee.*— (1) In order to appraise the viability of the Sick Industrial Units, the Government of Goa may appoint an Appraising Committee consisting of the following members. All applications received under this Scheme shall be examined by this Committee:

1. Secretary Industries - Chairman
2. A Cost Accountant/  
/Chartered Accountant - Co-opted Member
3. An expert from bank- - Member  
ing Sector
4. Regional Manager of  
Bank of the concerned  
Industrial Unit - Special Invitee
5. Director of Industries, - Member Secretary  
Trade & Commerce & Convenor.

The Committee may co-opt additional members from Financial Institutions or Banks as a Special Invitee, if felt necessary.

The Appraisal Committee will submit the rehabilitation proposal to the Finance Department for its concurrence and for approval of the Government.

11. *How to apply.*— The Sick Industrial Unit may apply to the Directorate of Industries, Trade and Commerce in the prescribed application for availing benefits under the Scheme.

The application should contain details of loans, outstanding installments, interest and penal interests payable to Banks and Financial Institutions.

The dues of tariffs to Electricity, Commercial Taxes and Water Supply Department may be shown separately with all details.

An audited statement of 3 years may preferably be submitted by the unit. The application must contain the revival scheme proposed by the owner/proprietor/partner or partners of the Sick Industrial Unit based on which the feasibility study would be done by the Financial Institution for appraisal to the empowered committee.

The application duly filled in with all support documents should be submitted in the office of Director of Industries, Trade and Commerce, Udyog Bhavan, Panaji who shall compile all information and forward the same to the Committee for necessary action.

The processing fee for each application is Rs. 200/-.

The cost of the application shall be Rs. 20/-.

12. *Preliminary and final scrutiny.*— (i) The Directorate of Industries, Trade and Commerce, Panaji shall carry out a preliminary scrutiny of applications received and register the applications which are received. All such registered applications shall be forwarded to the Appraisal Committee. The Appraisal Committee shall study the viability of the sick unit vis-à-vis the rehabilitation package.

(ii) The Appraisal Committee shall complete its study within sixty days of the receipt of applications by them and submit its report to the Directorate of Industries, Trade and Commerce, Panaji for obtaining the approval of the Government.

13. *Interpretation.*— If any question arises as to the interpretation of any of the provisions of this Scheme or if there is any dispute relating to fulfilment of conditions specified herein, the decision of the Appraisal Committee thereon shall be final.

14. *Time frame for issuance of orders.*— The concerned Departments of the Government or its agencies participating in the rehabilitation programme of sick units shall sanction the relief as approved by the Government under the provisions of the respective Acts/Rules, Policy or Schemes. They shall issue final orders sanctioning relief/concessions to the unit within one week of the receipt of the approval from Government wherein the decision to grant relief to the concerned sick unit has been taken.

15. *Terms and conditions for grant of relief.*— I. The Directorate of Industries, Trade and Commerce, Panaji-Goa, should carry out periodical reviews apart from annual review of the performance of the unit under rehabilitation.

II. During the period of rehabilitation, the unit shall arrange for auditing of its accounts by a firm of Chartered Accountant as approved by the Financial Institution.

III. The unit which avails of relief under this Scheme, shall neither declare dividend nor pay interest on the deposits put up by the promoters during the pendency of the rehabilitation package.

IV. The industrial units shall remain continuously in production during the rehabilitation period.

V. The industrial unit shall furnish details regarding production, employment or any other information which the Government may require from time to time.

VI. During the period of rehabilitation, the unit shall produce to the Directorate of Industries, Trade and Commerce, Panaji every after six months starting from the date of grant of revival package, a list of persons recruited for satisfying the condition of employment of local persons.

The above mentioned employment percentage shall have to be maintained by the industrial unit during the period of availability of incentives.

In case of any default in repayment of the Government dues as specified in the Scheme or in case of any violations of the conditions laid down under this Scheme, all benefits as availed under the provisions of this Scheme shall be withdrawn.

This issues with the concurrence of Finance (Expenditure) Department vide their U. O. No. Fin.(Exp)/3744 dated 8-1-2008.

By order and in the name of the Governor of Goa.

B. S. Kudalkar, Under Secretary (Industries).

Porvorim, 12th June, 2008.